

<b>Report of:</b>	Helen Watson, Executive Director of Children’s Services and James Bromiley, Strategic Director of Finance, Governance and Support  Cllr Barrie Cooper, Executive Member for Children’s Services and Cllr Chris Hobson, Executive Member for Finance and Governance
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<b>Submitted to:</b>	Executive - 8 October 2019
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<b>Subject:</b>	Middlehaven - Potential site for a Secondary Free School
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**Summary**

<b>Proposed decision(s)</b>
That Executive: <ul style="list-style-type: none"> <li>• approves the proposal to proceed with the disposal of the Council’s freehold interest in land at Middlehaven for the purposes of delivering a new Secondary Free School;</li> <li>• requests a further report be brought to them prior to sale of the land, setting out the relevant timescales and expected capital receipt, as necessary and in accordance with the Council’s Asset Disposal Policy.</li> </ul>

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?<sup>1</sup></b>
Information	No	The report is not confidential	No

<b>Contribution to delivery of the 2018-22 Strategic Plan</b>		
<b>Business Imperatives</b>	<b>Physical Regeneration</b>	<b>Social Regeneration</b>
The proposal to dispose of the subject land will generate a capital receipt for the Council and help underpin its Medium Term Financial Plan.	The development of the subject site for school use will generate significant inward investment and bring a vacant and underused Council asset into far more positive future use.	The delivery of the proposed secondary school will help meet a projected shortage of school places, ensure that pupils can access a quality school place and reduce travel distances for children and their families.

<b>Ward(s) affected</b>
The report directly affects the Central Ward within which the school is proposed to be located. Ward members have been engaged over the proposal. No adverse comments have been received.

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## **What is the purpose of this report?**

1. The purpose of the report is to set out the case to dispose of the Council's freehold interest in land at Middlehaven, in order to facilitate the establishment of a new secondary free school in Middlesbrough.

## **Why does this report require a Member decision?**

2. The proposal relates to the potential disposal of an asset deemed to be surplus, at a value in excess of the £150K threshold.
3. The Council's Asset Disposal Policy reserves any future decision on the proposed disposal to the Executive.

## **Report Background**

4. Middlesbrough Council has a statutory duty to ensure there are sufficient school places to meet demand. In 2016 the Council engaged Middlesbrough secondary schools over a shortage of secondary school places projected to emerge in the 2020/21 academic year.
5. In sharing information, engaging schools about future demand, and seeking to identify opportunities for expansion, the Council signalled to its partners that there was a strong business case for new provision.
6. In response, the Outwood Grange Academy Trust (OGAT) engaged the Council over proposals to establish a new school through the government's Free School Programme. OGAT is a multi-academy trust that operates 30 schools in the north of England, including two secondary schools in Middlesbrough and schools in Redcar & Cleveland and Stockton.
7. In August 2018 an expression of interest was submitted by the trust to Wave 13 of the Government's Free School programme, followed by a formal application in November. On 14 June 2019 the trust were notified that their bid had been successful.
8. With the working title of Outwood Academy Riverside, the school will cater for 1,050 11-16 year olds. It is proposed to be located close to the town centre where there is currently a gap in secondary school provision and where demand is expected to be greatest. Pupils from this part of town currently travel to attend secondary school, with many qualifying for free school transport.
9. It is intended that the school will open in September 2020, in temporary accommodation in the first instance, with the construction of the school's building anticipated to be completed in 2021/22.
10. Once established, admission to the school will be via the Council's coordinated admissions arrangements. In keeping with its other schools, the trust has committed to using the Council's oversubscription criteria in the school's admissions policy. It is proposed that the school will admit 150 pupils into Year 7 in its first year of operation and in every subsequent year that the school is in temporary accommodation. Upon relocating to the permanent building, the school will admit 210 pupils into Year 7 each academic year.
11. Officers have been supporting OGAT throughout the process, in particular to provide demographic information in support of their business case and in identifying appropriate sites for the school to be permanently located. This work will continue as the school readies itself for admitting its first pupils.
12. The DfE is responsible for delivering the school, including securing land, temporary accommodation and the construction of the permanent accommodation. Since the

announcement in June it has been searching for one or two sites in the north of Middlesbrough: a site for the permanent location of the school; and a second, temporary site for use while the permanent site is being constructed.

13. Prior to the submission of the bid Middlesbrough Council identified a potential site on Middlehaven, adjacent to Middlesbrough College. Shown edged on the plan attached at Appendix A, the site was selected based on its size, availability, and location close to the centre of town. Following their searches, the DfE have confirmed this as their preferred site and have issued draft Heads of Terms. An adjacent site has been offered by Middlesbrough College for temporary accommodation but has not been confirmed by the DfE.
14. The Council originally purchased the subject parcel from the HCA (Homes & Communities Agency) following the grant of approval by Executive on 25 January 2017, with a view to its onward sale for the purposes of the regeneration of the local area.
15. Situated immediately to the south of Pioneering Way and to the north of Gray Street, the site comprises a vacant parcel of land that was subject to HCA funded remediation works prior to its acquisition by the Council. The site has been declared surplus to the operational requirements of the Council and is currently being held for sale.
16. The site is situated within the Central Ward, in an area of town typically characterised by housing clearance and low value industrial land uses. Measuring @ 9.44 Acres [3.82 Ha], the parcel of land has significant frontage to Gray Street – however, at this time, the exact site boundary and location of the school buildings is still to be determined.
17. Undulating in terms of its topography, the site has been subject to surface water pooling following the completion of works to remediate it. In addition to the technical resolution of this drainage issue, development of the site for school use would also require the buyer to ‘*stop up*’ elements of both Commercial Street and Lower East Street, as these roads [in part] currently sit within the boundaries of the subject site identified for disposal. There is a risk that this may cause some concern amongst users of the road and lead to objections during the planning process.
18. The development of the site for the purposes of school use is considered appropriate in planning terms – as well as providing a vital spur to the ongoing regeneration of the local area. The proposal would also complement existing use of land to the immediate south of Gray Street by Middlesbrough College for education purposes.
19. In accordance with the planning process the design quality of the development would need to be in accordance with the Middlehaven masterplan, to be agreed.
20. Officers are of the view that the subject site is the only site suitable for the purposes of a new school in this locality and are seeking to ready the site accordingly. Site investigations and technical diligence have been commissioned internally, and discussions have also commenced with both the Planning and Highway Authorities in preparation.
21. OGAT are happy with the site and have started to build curriculum and transition links with Middlesbrough College and Middlesbrough football club, both in close proximity to the school.

## **What decision(s) are being asked for?**

22. That Executive:

- approves the proposal to proceed with the disposal of the Council's freehold interest in land at Middlehaven for the purposes of delivering a new Secondary Free School;
- requests a further report be brought to them prior to sale of the land, setting out the relevant timescales and expected capital receipt, as necessary and in accordance with the Council's Asset Disposal Policy.

## **Why is this being recommended?**

23. Forecast demand for secondary education is greater than the local supply of school places. In March of this year, following an unprecedented upturn in the popularity of Middlesbrough's secondary schools, urgent action was required to provide a further 92 Year 7 places to meet demand in time for September 2019.
24. Although bespoke, one-off arrangements have been made to meet demand in September 2019, each year for at least the next 10 years there are forecast to be more children requiring a school place than there are places available as a larger cohorts move through from primary school. A longer term solution is required.
25. With the recent increase in popularity of Middlesbrough's school, demand is expected to be much higher than originally forecast during the preparation of the bid, leaving the Council seeking up to 1,570 new places by 2025/26. The provision of the new free school is a key element of the Council's approach to providing enough school places.
26. Middlesbrough Council is under a statutory duty to ensure that there are sufficient places to meet demand. However, it no longer has the powers necessary to establish new school provision. All new schools must now be Free Schools established by academy trusts such as OGAT. OGAT is currently the only trust with approval to establish a new secondary school in Middlesbrough to meet the identified demand.
27. The centre of town has experienced some of the largest increases in the primary school population which are now feeding through to secondary schools. The proposed location also has the ability to reduce travel distances for pupils, who currently have to travel to school outside of the immediate area, and often qualify for free school transport provided by the Council.
28. Where there is a shortage of local places this can mean out-of-area placements with additional transport costs and long-term disruption for families. It can also mean pupils being without a school place for a significant period of time. Delays in finding school places for pupils can have a detrimental impact on their life chances and increase safeguarding risks.
29. Without an appropriate site on which to locate the new school, its delivery would not be possible. The Council has put forward this site to the trust and the DfE in order to facilitate the delivery of the school. The disposal of the site, following further negotiations, would also result in a capital receipt to the Council which could be reinvested into the Council's capital programme.
30. The Council holds the freehold of the site and officers are of the view that it is well located for use as a secondary school. Whilst relatively restricted in size for a school of this size, it meets the DfE's specification and is large enough to provide some playing field provision and recreational space alongside the school building.

31. Officers are of the view that the site identified is the only site suitable for the purposes of a new school in this locality.
32. The proposal would contribute to the social regeneration of Middlesbrough: providing more local school places, ensuring that young people can get the right education, learning experiences and qualifications they need.
33. The subject of the report has not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel.

### **Other potential decisions and why these have not been recommended**

34. The DfE have considered a range of other sites within Middlesbrough and named this as their preferred site. Amongst the sites considered by Middlesbrough Council all others have been discarded due to their size, location, and availability within the required timescales. These include Gresham, Grove Hill and land in Middlehaven adjacent to MyPlace.
35. The Council could choose not to agree the disposal of the site. This is likely to lead to a significant delay in the delivery of the free school and may jeopardise the scheme altogether. Any significant delay to the delivery of the school would put at risk the Council's ability to secure places for pupils in the coming years and significantly increase the Council's costs. The negative impact on those young people who would benefit from a place at Outwood Riverside would be significant.
36. If the Council does not support the school and do everything it can to facilitate its delivery then it is likely that there will be a shortage of places from September 2020 and in every academic year for the foreseeable future. Middlesbrough Council would need to find sufficient places to meet this demand using its Basic Need Grant. It is not anticipated that there would be sufficient grant to be able to build a new school. The only alternative would be to work with schools to undertake a series of enlargement projects. Between the seven secondary schools there is limited scope and limited appetite for such enlargements and the Council has no powers to insist.

### **Impact(s) of recommended decision(s)**

#### ***Legal***

37. The decision would assist the Council in meeting its statutory duty, under Section 14 of the Education Act 1996, to ensure there are sufficient school places to meet demand.
38. The property would be disposed of freehold with vacant possession.

#### ***Financial***

39. The success of OGAT will result in upwards of £20million of inward capital investment in Middlesbrough's education infrastructure over the next three years. This is particularly significant in the context of the level of capital funding allocated to the Council to meet increasing demand for school places. All Basic Need funding to 2020/21 is committed to enlargement schemes in schools. With an estimated grant allocation of £5.5million for secondary school places in 2021/22, the Council has insufficient funds to achieve anything on this scale or within the necessary timescales.
40. The successful sale of the site, following negotiations and further approval in accordance with the Council's Asset Disposal Policy, would result in the Council receiving a capital receipt and fees without the need to incur any further costs of marketing.

41. It is anticipated that the location of the school in the centre of town would alleviate pressure on the Council's home to school transport budget at a time when there will be greater demand in two ways:
- ensuring that more pupils are within walking distance of a school, avoiding the requirement for the Council to provide free home to school transport;
  - Ensuring that there are sufficient places available in Middlesbrough to avoid having to transport pupils outside of the local authority in order to secure a school place.

### ***Policy Framework***

42. No Policy Framework implications have been identified. The report is in-line with the emerging vision for the repopulation of the town centre.

### ***Equality and Diversity***

43. A Level 1 Impact Assessment has been undertaken and is attached at Appendix B.
44. The impact assessment identifies that the proposal would have a positive impact on the local community and would not represent a concern to equal rights, disability discrimination or the impingement of human rights.
45. The decision being sought aims to positively affect educational outcomes for young people aged 11-16, removing the need for these children to travel to schools outside of the town to access appropriate education, or be without an education.

### ***Risk***

46. The recommendations included in the report would help to address the following risks included in the Children's Services risk register:

**04-014** - If the Council is not able to secure funding for schools from developers or council funding grants and if Middlesbrough schools continue to do well whilst schools in neighbouring LA's fair less well, influencing parental choice then this will put pressure on corporate capital resources or the Council will fail in its duty to secure sufficient school places.

### **Actions to be taken to implement the decision(s)**

47. Officers will engage the DfE to ensure that terms and conditions for its subsequent disposal can be agreed expeditiously, and the subject site brought forward for development accordingly.

### **Appendices**

Appendix A – Proposed school site plan – Middlehaven

Appendix B – Impact Assessment

### **Background papers**

<b>Body</b>	<b>Report title</b>	<b>Date</b>
Executive	2019 Secondary School Places	9 July 2019
Executive Sub-Committee for Property	Strategic acquisition of HCA land holdings at Middlehaven	25 January 2017

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